STATE OF CALIFORNIA

Betty T. Yee,
California State Controller

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: May 20, 2015

PAYROLL LETTER #15-006
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Crowe, Chief
Personnel/Payroll Services Division

RE: **BARGAINING UNITS 2, 7, 9, 10, 12 AND 13 CASH OUT OF VACATION/ANNUAL LEAVE PROGRAM – FISCAL YEAR 2014-2015**

This amends Payroll Letter #15-004, dated April 28, 2015. Specifically, the calculated gross in the sample shown below. For details of the program, please reference CalHR's Personnel Management Liaison (PML) memorandum 2015-011.

Departments electing to participate in the Cash Out of Vacation/Annual Leave Program must submit payment requests between June 1, 2015 and no later than June 25, 2015. Per CalHR, payments must be charged to the fiscal year 2014-2015; therefore, payments must be issue dated by June 26, 2015.

The Cash Out of Vacation/Annual Leave payments are based on the employee's hourly salary rate multiplied by the number of hours cashed out. For example, the calculation for an employee whose salary full rate is $4,200.00 and the employee is cashing out 20 hours of Annual Leave credits is as follows:

Hourly Rate ($4,200.00/173.33 hours)
$24.23
Annual Leave hours cashed out
X 20
Annual Leave Cash Out Gross
$484.60

Note: If the employee participates in the Voluntary Personal Leave Program (VPLP), the VPLP amount must be added to the hourly rate for calculations.

TAXES

The Cash Out of Vacation/Annual Leave payments are subject to federal and state income tax withholdings. Payments are also subject to Social Security and Medicare tax withholdings where applicable. The Cash Out of Vacation/Annual Leave payments are NOT subject to retirement. The tax rates are as follows:

25% Federal Tax (flat rate)
6.6% State Tax (flat rate)
6.2% Social Security (if applicable)

1.45%   Medicare (if applicable) **OR**
2.35%   Medicare for wages over $200,000 (if applicable)

PROCESSING PAYMENTS

Submit all payment requests via the PIP System. Use form STD. 671, Miscellaneous Payroll/Leave Actions to document the information to enter into the PIP System and keep forms for department records. Please refer to PPM Section G 105 and below for form STD. 671 completion instructions and PPM Section K for PIP System instructions. Also review the PIP exceptions in PPM Sections G 045 and G 105.

Use the following Earning ID's to request Leave Cash Out payments, and manually update leave balances.

PAYMENT REQUEST	EARNINGS ID
Annual Leave and Vacation Cash Out	*9V

*For this Cash Out program, Earnings ID 9V "Buy Back" transaction will be used to issue payments.

For CLAS users the Earnings ID's listed below will issue Leave Cash Out payments and update CLAS leave records.

PAYMENT REQUEST	EARNINGS ID
Annual Leave Cash Out	AL36
Vacation Cash Out	VA36

Before keying via PIP, complete form STD. 671, items 1-3, 15-17, and 19-21 as follows:

ITEM NUMBER(S)	ITEM NAME	ACTION
1-3	Pay Period	-Complete (must be June 2015)
15	Earnings ID	-Complete
16	Days	-Blank
17	Hrs/Hdths	-Blank if Earnings ID = 9V
		-Complete if Earnings ID = AL36 or VA36
19	Hourly Rate	-Blank
20	WWG/FLSA	-Blank
21	Computed Gross	-Complete

FORM STD. 674 PAYMENT REQUESTS

If an employee is off pay status during June 2015, pay must be requested via form STD.674. If requesting payment using form STD. 674, do not use the CLAS earnings ID's. Refer to PPM Section G 045 and G 105 for form STD. 674 completion instructions for requesting leave cash out payments.

Please direct questions regarding Cash Out payments to the Customer Contact Center at (916) 372-7200. Questions regarding CLAS should be directed to the CLAS Hot Line at (916) 327-0756.

LC:JM:PMAB